

C-O-N-F-I-D-E-N-T-I-A-L

NOTICE

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CIVIL SERVICE RETIREMENT

REVISION OF THE CIVIL SERVICE RETIREMENT ACT

1. The President has approved amendments revising the Civil Service Retirement Act to liberalize benefits to Federal employees effective 1 October 1950. The following summary of the new provisions is furnished for the information of Agency employees. The Civil Service Commission's Pamphlet No. 18 detailing provisions of the Act is being revised and will be distributed when copies are available.
2. The new Act will increase annuity benefits for the "average employee" with 30 or more years of service by 25 percent. Under the new rules, annuities will be computed at (a) two percent of the high average salary multiplied by all years of service in excess of ten plus one and a half percent of such salary multiplied by the first five years of service, plus one and three-quarters percent of the years of service from five to ten; or (b) one percent of high average salary, plus \$25.00, multiplied by total years of service, whichever is greater. The most advantageous annuities for different salary levels are as follows:
 - (1) Those with average salaries up to \$2500. No increase in annuities. Annuities computed by taking 1% of the average salary, plus \$25, times the total years of service.
 - (2) Those with average salaries above \$2500 and less than \$3333. Computed by taking 1% of the average salary, plus \$25, times the first ten years of service, added to 2% of the average salary, times the remaining years of service.

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- (3) Those with average salaries of \$3333 or over but less than \$5000. Average of 25% increase in annuities. Computed by taking 1% of the average salary, plus \$25, for the first five years, added to 1 3/4% for the next five years, added to 2% of all service over 10 years.
- (4) Those paid \$5000 and more. The largest increases in annuities. Those who retire at 60, after 30 years' service, will get a flat increase of 25% over previous annuities. Annuities are computed by taking 1% of the average salary for the first five years, plus 1 3/4% for the next five years, plus 2% for all service over 10 years.
3. Optional retirement is authorized at age 62 after 5 years of service, with the right to elect survivor benefits. Present law provides an annuity after 5 years of service, but requires 15 years of service for election of survivor benefits. The present right to retire on a reduced annuity at age 55 after 30 years of service is continued. The reduction factor for retirement before reaching age 60 is changed from 3 percent a year to 1 percent for each year the retiring employee is under age 60 and 2 percent for each year under age 55. An annuity may be granted upon involuntary separation after attaining the age of 50 years with 20 years of service, and the existing provision for annuity upon involuntary separation after 25 years of service, regardless of age, is continued.
4. Disability benefits are liberalized by providing a minimum of 40 percent of the average salary, or the annuity which would have been earned at age 60, whichever is the lesser.

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5. Survivor benefits are increased by reducing to 2½% the reduction in annuity to an employee electing this provision. Also, upon the death of an employee after 5 years of service, or of a retired employee, the surviving widow or widower will receive an annuity equal to 50 percent of the earned annuity of the decedent, beginning the first month after such death.
6. An annuitant who is reemployed and serves at least 1 full-time year on active duty in a position covered by the Retirement Act will receive an annuity based on his reemployed service as well as his annuity based on the original retirement. Any lump-sum leave credit will not be reduced by reason of annuity paid to him during reemployment.
7. The withholding from the employee's salary for contribution to the retirement fund will be increased to 6½ percent beginning 7 October 1956.
8. Questions concerning these changes may be referred to the Benefits and Casualty Division, Office of Personnel, extension 3658 or 2321.

FOR THE DIRECTOR OF CENTRAL INTELLIGENCE:

L. K. WHITE
Deputy Director
(Support)

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